

SECURITIES AND EXCHANGE COMMISSION
(Release 34-54056; File No. 600-23)

June 28, 2006

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Order Approving an Extension of Temporary Registration as a Clearing Agency

The Securities and Exchange Commission (“Commission”) is publishing this notice and order to solicit comments from interested persons and to extend the Fixed Income Clearing Corporation’s (“FICC”) temporary registration as a clearing agency through June 30, 2007.¹

On May 24, 1988, pursuant to Sections 17A(b) and 19(a) of the Act² and Rule 17Ab2-1 promulgated thereunder,³ the Commission granted the Government Securities Clearing Corporation (“GSCC”) registration as a clearing agency on a temporary basis for a period of three years.⁴ The Commission subsequently extended GSCC's registration through June 30, 2003.⁵

On February 2, 1987, pursuant to Sections 17A(b) and 19(a) of the Act⁶ and

¹ FICC is the successor to MBS Clearing Corporation and Government Securities Clearing Corporation.

² 15 U.S.C. 78q-1(b) and 78s(a).

³ 17 CFR 240.17Ab2-1.

⁴ Securities Exchange Act Release No. 25740 (May 24, 1988), 53 FR 19639.

⁵ Securities Exchange Act Release Nos. 25740 (May 24, 1988), 53 FR 19639; 29236 (May 24, 1991), 56 FR 24852; 32385 (June 3, 1993), 58 FR 32405; 35787 (May 31, 1995), 60 FR 30324; 36508 (November 27, 1995), 60 FR 61719; 37983 (November 25, 1996), 61 FR 64183; 38698 (May 30, 1997), 62 FR 30911; 39696 (February 24, 1998), 63 FR 10253; 41104 (February 24, 1999), 64 FR 10510; 41805 (August 27, 1999), 64 FR 48682; 42335 (January 12, 2000), 65 FR 3509; 43089 (July 28, 2000), 65 FR 48032; 43900 (January 29, 2001), 66 FR 8988; 44553 (July 13, 2001), 66 FR 37714; 45164 (December 18, 2001), 66 FR 66957; 46135 (June 27, 2002), 67 FR 44655.

⁶ Supra note 2.

Rule 17Ab2-1 promulgated thereunder,⁷ the Commission granted the MBS Clearing Corporation (“MBSCC”) registration as a clearing agency on a temporary basis for a period of eighteen months.⁸ The Commission subsequently extended MBSCC's registration through June 30, 2003.⁹

On January 1, 2003, MBSCC was merged into GSCC, and GSCC was renamed FICC.¹⁰ The Commission subsequently extended FICC’s temporary registration through June 30, 2006.¹¹

On June 2, 2006, FICC requested that the Commission grant FICC permanent registration as a clearing agency or in the alternative extend FICC’s temporary registration until such time as the Commission is prepared to grant FICC permanent registration.¹²

⁷ Supra note 3.

⁸ Securities Exchange Act Release No. 24046 (February 2, 1987), 52 FR 4218.

⁹ Securities Exchange Act Release Nos. 25957 (August 2, 1988), 53 FR 29537; 27079 (July 31, 1989), 54 FR 34212; 28492 (September 28, 1990), 55 FR 41148; 29751 (September 27, 1991), 56 FR 50602; 31750 (January 21, 1993), 58 FR 6424; 33348 (December 15, 1993), 58 FR 68183; 35132 (December 21, 1994), 59 FR 67743; 37372 (June 26, 1996), 61 FR 35281; 38784 (June 27, 1997), 62 FR 36587; 39776 (March 20, 1998), 63 FR 14740; 41211 (March 24, 1999), 64 FR 15854; 42568 (March 23, 2000), 65 FR 16980; 44089 (March 21, 2001), 66 FR 16961; 44831 (September 21, 2001), 66 FR 49728; 45607 (March 20, 2002), 67 FR 14755; 46136 (June 27, 2002), 67 FR 44655.

¹⁰ Securities Exchange Act Release No. 47015 (December 17, 2002), 67 FR 78531 (December 24, 2002) [File Nos. SR-GSCC-2002-07 and SR-MBSCC-2002-01].

¹¹ Securities Exchange Act Release Nos. 48116 (July 1, 2003), 68 FR 41031; 49940 (June 29, 2004), 69 FR 40695; 51911 (June 23, 2005), 70 FR 37878.

¹² Letter from Nikki Poulos, Vice President and General Counsel, FICC (June 2, 2006).

Recently FICC announced its intention to implement a central counterparty (“CCP”) service in its Mortgage-Backed Services Division (“MBS Division”). Pursuant to this service, FICC, acting as the CCP for MBS Division members, would become the new legal counterparty to all original counterparties for eligible mortgage-backed securities transactions. Currently, FICC, through its Government Securities Division, acts as the CCP for its members U.S. Government securities transactions.

The Commission therefore is extending FICC’s temporary registration as a clearing agency in order that FICC may continue to provide its users clearing and settlement services as a registered clearing agency. The Commission will consider permanent registration of FICC at a future date after the Commission and FICC have had time to evaluate how FICC is functioning with its MBS Division acting as a CCP, assuming the MBS Division CCP service is implemented.

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number 600-23 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number 600-23. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of FICC and on FICC's web site at www.ficc.com. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number 600-23 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IT IS THEREFORE ORDERED that FICC's temporary registration as a clearing agency (File No. 600-23) be and hereby is extended through June 30, 2007.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹³

Nancy M. Morris
Secretary

¹³ 17 CFR 200.30-3(a)(1506).